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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF SCHWEITZER BASIN WATER LLC FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY.	**CASE NO. SCH-W-15-01**
	COMMENTS OF THE COMMISSION STAFF

COMES NOW the Staff of the Idaho Public Utilities Commission, by and through its attorney of record, Neil Price, Deputy Attorney General, and in response to the Notice of Application and Notice of Modified Procedure issued in Order No. 33308 on May 28, 2015, in Case No. SCH-W-15-01, submits the following comments.

BACKGROUND

On February 13, 2015, the Commission received an Application from Schweitzer Basin Water LLC ("Schweitzer," "SBWC," or "Company") requesting issuance of a Certificate of Public Convenience and Necessity ("CPCN"). Schweitzer is seeking Commission authorization to operate as a public utility in the State of Idaho and to provide water service in the following geographical area: Township 58 North, Range 2 West, Boise Meridian, Section 20, Southeast 1/4 in Bonner County. Schweitzer requests that the Commission issue a CPCN to provide domestic

water service. Schweitzer states that it has been operating since 1964 in support of skier housing, with a predominant weekend and holiday population during ski season.

The current owners of Schweitzer purchased the business and Plant in Service from the original owner in 1989. The water system is currently operated by Schweitzer Basin, LLC. The Company's owners also serve as the certified Drinking Water Treatment operators for the water company.[1] Schweitzer states that it is a privately-owned, non-transient, non-community water system serving a residential area at the Schweitzer Ski resort with approximately 30-40 full-time residents and transient population of 900. The Company only serves residential customers. The Company is proposing water service rates and charges, along with the general rules and regulations for small water utilities.[2]

STAFF REVIEW

Idaho Code § 61-302 requires every public utility to "furnish, provide and maintain such service, instrumentalities, equipment and facilities as shall promote the safety, health, comfort and convenience of its patrons, . . . and as shall be in all respects adequate, efficient, just and reasonable."

In response to the Company's requests and given Idaho Code § 61-302, Staff Comments address the following issues: (1) the request for a CPCN; (2) number of customers and consumption; (3) distribution system; (4) system operation and maintenance; (5) rate design and recurring rates; (6) non-recurring rates; (7) bill statement and customer information/notification; (8) company tariff; and, (9) customer notification.

CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

Schweitzer currently serves a portion of the Schweitzer Village Subdivision located in Bonner County, Idaho. There are currently three other water systems that serve the ski area and adjacent developments: (1) Acme Water Works, Inc. (Panhandle Health District PWS #ID1090254), located to the south of the Company; (2) Resort Water Co., located to the north and northwest of the Company;[3] and (3) Spires Water Co., located to the west of the Company.

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[1] See Application, Attachment No. 9.
[2] See Attachment No. 19 of Application.
[3] Resort Water Co. is referred to as the Schweitzer Mountain Resort by the DEQ PWS #ID1090123.

The Company has two interconnections with adjacent systems (Spires Water Co. and Resort Water Co.) to provide redundant water supplies.[4] The interconnection and associated supply from Schweitzer requires activation of a pump by Schweitzer and has not been used by the Spires Water Co. The interconnection and associated supply from Schweitzer to the Resort Water Co. requires the use of a valve and has only been used once briefly in 1999. The interconnection with the Resort Water Co. is adjacent to a Bed and Breakfast that is also owned by the Schweitzer owners but receives water service from the Resort Water Co. Spires Water Co. is not regulated by DEQ since the total number of customers (i.e., water connections) is fewer than requirements for a "community public drinking water system."[5]

Interconnection between Acme Water Works, Inc. and other adjacent water systems was reviewed in 2008.[6] The results of this review indicated that the most feasible way to provide safe drinking water for lot owners located to the south of the area served by Schweitzer would be through the creation of a separate water system (i.e., Acme Water Works, Inc.).

Staff reviewed the water supply, water system, and potential water service providers. Staff agrees that the Company should be issued a CPCN for the following reasons:

1. The water system is constructed and includes service line connections to 439 Equivalent Residential Units (ERUs),[7] and there are 139 adjacent, undeveloped units for potential future customers.
2. The water system has secured water rights[8] with an adequate supply, capable of serving a potential 620 ERUs.
3. The topography of the area is such that nearby water service providers are concentrated within separate areas, with minimal interconnection or shared service opportunities.
4. The Company has the financial ability to operate and maintain the water system.

[4] See Staff Comments, Case No. RES-W-11-01.
[5] See Staff Comments, Case No. RES-W-11-01, Order 32327.
[6] See Attachment No.13, Case No. AWW W-13-01.
[7] Water use for a typical single-family residence is the same as one "equivalent residential unit," or ERU. Small water systems, such as Schweitzer, mainly serve single-family residences.
[8] See Attachment A.

NUMBER OF CUSTOMERS AND CONSUMPTION REVIEW

Schweitzer serves a development that is adjacent to a recreational ski area. According to the Company, occupancy is highest (approaching 90%) between Christmas and New Year's, and on holiday weekends.[9] The Company states that occupancy at other times of the year is much less.

Staff reviewed the well production data. The months with lowest water production are, in general, the summer and early fall months. This usage pattern is consistent with serving customers adjacent to a resort established for winter recreation. The Company states that none of the existing residential customers are expected to maintain a green lawn or landscaping and that there is no common property served or anticipated to be served by the Company.[10]

The water system originally served 300 ERUs when the system was purchased by the current owners in 1989, but it was designed to serve 340 ERUs (*See* Company Response to Staff Production Request No. 8). Since it was purchased in 1989, the system's capacity has been expanded to allow service to additional lots located in the same vicinity. The Company has made improvements to the system since they purchased it in 1989. Improvements include, but are not limited to: three new wells, repair of a fractured well, new pumps, a new reservoir, upgrade to two existing reservoirs, nearly two miles of new 6-inch main lines, and service connections to the corners of all lots.[11]

Schweitzer states that it currently provides water service to 431 residential customers and 7.5 rentals (*See* Company Response No. 6) for a total of 439 ERUs. The Company's customer list indicates that there are twelve customers that remain year round and five customers that remain for half of the year (i.e., 120 days per year). The Company assumes all other customers occupy the units for 20 days per year. Staff has reviewed the Company's supporting information and agrees that the Company currently serves 439 ERUs.

The Company expects the number of ERUs served may expand to 620 in the future. Since customer consumption is not metered, it is not possible to calculate the total amount of water consumed by the residential customers. The Company estimates the demand per ERU based on the production records and current customers. The Company applies conservative safety and/or peaking factor multiplier assumptions and removes the largest water source (i.e., Well No. 1 with

[9] See Application, Attachment 17.
[10] See Company Response No. 7.4.
[11] See Company Response No. 8.3.

47 gpm) to obtain a total possible number of ERUs able to be served.[12] The Company indicates that a value of 225 gpd per ERU is used to demonstrate adequate water supplies. The Company states that 43% of the lots have been built on and 139 lots remain. The total number of lots located within the proposed service area is approximately 244.

The Company acknowledges that there is an uncertainty about the number of units that will eventually be built because owners have options to combine and/or divide lots and thus change the density.[13] However, the Company's projection is that between 140 and 180 additional new living units will be built between 2013 and 2050. The Company estimates the number of ERUs will grow from the current number of 439 to a maximum number of 612 by 2050. There have been no additional homes or units built in the service area since 2010.[14] Staff has reviewed the Company's estimates and agrees that the potential future number of ERUs may be 620.

Staff reviewed the diversion rates allowed under the existing water rights and agrees that the available supply is adequate to meet the Company's estimated future demand for up to 620 ERUs.

DISTRIBUTION SYSTEM

The Schweitzer system consists of four wells, a surface water diversion, five storage reservoirs with a usable storage capacity of 245,000 gallons, six pumps, distribution mains, valves associated with twelve pressure zones, a slow sand filter and chlorination and ultra violet chlorination system, and fire hydrants.[15]

The distribution system consists of interconnected 2-inch, 3-inch, 4-inch, 6-inch, and an 8-inch pipe "mains" in an un-looped configuration.[16] All flow is by gravity. The pumps installed include a 2.0 horsepower pump in Well No. 1 with a rated capacity of 47 gallons per minute (gpm), and three 1.5 horsepower pumps in Well Nos. 2 – 4 with rated capacities of 34, 24, and 23 gpm respectively. Two additional pumps are installed to pump from Reservoir No. 1 to Reservoir No. 5. These pumps include a 1.5 horsepower pump with a 25 gpm rated capacity and a 5.0 horsepower pump with an 85 gpm rated capacity.

Service line sizes are generally 1 or 1.5 inch for single-family homes and either 2, 4, and

[12] See Company Response No. 7.1.
[13] See Application, Attachment No. 16.
[14] See Application, Attachment 16 and Company Response No. 7.
[15] See Application, Attachments 7, 8, and 24; and Bailey personal communication on July 24, 2015.
[16] See Application, Attachment 24.

6-inch for multi-family buildings. The Company provided a customer database that included service line diameters for each customer along with the corresponding number of units.[17]

SYSTEM OPERATION AND MAINTENANCE

The Company provided information on two operation and maintenance issues. The first concerns system leakage occurrence and detection; the second concern is the occurrence of low pressure events associated with the connection of fire hydrants.

Leak Occurrence and Detection

Staff reviewed the information provided by the Company on the occurrence of leaks and the leak detection and correction efforts. [18] Emergency leak repair examples provided by the Company suggest that the average time to find a leak is around 247 hours.[19] The Company also states that in March 2014, there was a depressurization of a portion of the water system when a leak occurred.[20] A small number of customer comments and some examples provided by the Company suggest that leakage problems have the potential to be severe, well beyond the 10% to 15% that is considered acceptable for small water systems.

Staff calculations and analysis found that the total well production for the Schweitzer system during 2012 and 2013 were nearly twice as much as during 2014 (1.8 and 1.9 times, respectively). Staff believes that water loss from leaks may be decreasing due to lower well production in 2014. The Company also explains that it is difficult to calculate the water loss per month because of the large variation in the demand and that 2014 may have had fewer occupants when compared to the two previous years.[21]

The Company states that there are a few meters on the most recent customer connections to use for determining if there is a leak inside the customer's building *(See* Company Response No. 14). These meters are not used for billing. The installation of these meters is included as a requirement in the Company's current General Rules and Regulations (*See* Application Attachment 23.D, Section 19.2, pg. 6). Staff understands that there are only a limited number of these types of meters at this time.

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[17] See Company Response No. 3 and Response Attachment No. 3.
[18] See Application Attachment 17 and Company Response Nos. 11 and 14.
[19] See Application Attachment 20.
[20] See Company Response No. 11.
[21] See Company Response No. 14.

The Company has identified the difficulties encountered during leak detection and correction efforts.[22] Staff believes the Company implements an aggressive leak detection program so that unaccounted for water is minimized[23] but remains concerned that significant leaks may lead to system de-pressurization. Consequently, Staff suggests the Company explore membership in the Idaho Rural Water Association (IRWA). As a member of IRWA, the Company would be eligible for assistance, including leak detection assessment and other onsite technical assistance, offered by IRWA without charge.[24]

Fire Hydrant Connection, Use, and Services

The Company has allowed customers to purchase and to connect 22 fire hydrants to the water system. The Company is also proposing a Fire Hydrant service fee for "application, inspection, pressure testing, bacteria testing, and mapping" to the system and their use.[25] The Company owners feel that fire hydrants help the community.[26] Nevertheless, the Company also states that fire flows are not included in the water system design.[27]

The Company provided fire hydrant flow and residual pressure data during the August – October 2014 period (*See* Company Response No. 10). Staff reviewed the fire hydrant testing flows and the residual pressure data and found the following:

1. twelve (12) of the twenty-two (22) fire hydrants had residual pressure of less than the minimum pressure accepted by the DEQ; (i.e., 20 pounds per square inch (psi)); and
2. four (4) of the twelve (12) fire hydrants with extremely low pressure also had relatively low flows (i.e., between 410 and 490 gpm).

Staff questions whether the water system can maintain adequate pressure (20 psi) during fire fighting flows (approx. 300 gpm). Staff is concerned that fire hydrant usage (i.e., testing or fire flow events) may lead to system de-pressurization unbeknownst to the Company operators.[28]

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[22] See Application Attachment 20 and Company Response Nos. 11 and 14.
[23] See Company Response No. 14.
[24] Source: http://www.idahoruralwater.com/Pages/default.aspx, accessed July 2015.
[25] See Company Response Nos. 8.5 and 10m and Application Attachment No. 19.
[26] See Company Response No. 8.5.
[27] See Company Response No. 10 and Company Response Attachment 10.1.
[28] See Company Response No. 10 and DEQ 2009.

Sanitary Survey Results

Schweitzer had a sanitary survey conducted by the DEQ in 2009. The DEQ found that the water system is operating in compliance with the Idaho Rules for Public Drinking Water Systems.[29] Deficiencies identified during this survey included a variety of minor improvements and repairs that appear to have been implemented by the Company.

The survey identified that Schweitzer "must provide an engineering analysis and construction plans and specifications for modifications to the chlorination equipments. Upon DEQ approval, the system must install a flow proportional hypochlorite feeder if (the Company) ever brings the slow sand filter online" (DEQ 2009). In the Company's reply to the DEQ on August 24, 2009, the Company stated that this system is not used and that if it were used the Company would contact the DEQ first. These sanitary survey results and the Company's response in 2009 are inconsistent with the Company's recent clarifications to Staff via personal communication that the surface water system and associated chlorination equipment are in use.

System Operation and Maintenance - Summary

The Company clearly faces challenges in providing water services in a geographic area that experiences high annual snowfall. However, the potential health impacts from cross-contamination that may occur during system de-pressurization events due to leaks or fire hydrant usage concerns Staff.

The Company states that there is a plan to develop another well to improve system reliability within the next three years.[30] Staff notes that the Company does not have a DEQ-approved facilities plan developed by a qualified, licensed engineer, and that one is not currently required by the DEQ at this time. Staff believes that a well-researched facilities plan would provide effective solutions for leak detection, system pressure during fire hydrant operations, and increase the opportunities for the operators to detect and respond to a de-pressurization event. Staff also understands that a well-researched facilities plan can be costly. Therefore, Staff recommends that the Company assess the options for obtaining a facilities plan by a qualified, licensed engineer. If a facilities plan were to be pursued, Staff suggests that the Company consider including a plan for future development (e.g., an additional well, service expansions,

[29] DEQ Sanitary Survey of PWS# ID1090124, Schweitzer Basin Water Company, 2009.
[30] See Company Response Nos. 7.2 and 15.

etc.), a program to detect de-pressurization events, locate system leaks, and options to prevent low pressure events (e.g., through looped configurations, flow meters for each pressure zone, etc.).

RATE DESIGN AND RECURRING RATES

The Company anticipates serving mostly single family residential and multi-family residential (apartments and/or condominiums). The Company's current flat monthly rates (i.e., recurring charges) are established according to unit size and available living area. The Company does not have meters to bill based on usage. The Company's current rates are: $41/month for homes over 500 square feet, $39/month for homes that are 500 square feet and under, $82/month for a single unit with a second living area which can be rented, and $65/month for a single unit with an additional guesthouse or attached living unit (no kitchen) which can be rented.[31] The Company proposes to maintain its current monthly rates.

The Company does not propose to charge a recurring monthly "stand-by" or "availability" charge to be paid by property owners who have paid a connection fee but have not yet connected to the water system.[32] Staff acknowledges that the Commission has rejected proposals to charge inactive customers during previous cases and agrees with the Company's approach.

The Company's varying flat rates assumes that smaller units use less water than larger units, and an area added to a house for a rental with a kitchen adds an ERU. However, for an additional living unit without a kitchen, the Company states that the water usage should be less.[33]

Staff suggests the Company consider using an ERU-based rate design in the future for several reasons. First, the Company has not installed customer meters for billing purposes and is not expected to install meters in the future. Therefore, it is not possible for the Company to verify the assumptions about actual monthly consumption. Secondly, the Company has developed an acceptable method to estimate the consumption per ERU and uses this to demonstrate it possesses adequate capacity to serve future ERUs. Staff believes a similar approach should be used for rate design, particularly when, in the system capacity calculations, the Company assigns one ERU to each unit, regardless of size. And finally, the use of an ERU-based rate design reduces the burden on the Company to measure customer's unit sizes and determine the presence/absence of kitchens.

[31] See Application, Attachment No. 19 and Company Response No. 8.
[32] See Company Response No. 6.2.
[33] See Company Response No. 8.

Presently, no commercial units are being served and customers are not expected to maintain a lawn during the summer season since most are winter users. Staff believes that the domestic usage for a household in a single family dwelling would be about the same as the usage compared to same household living in an apartment or condominium. Accordingly, Staff believes that it is appropriate to use one ERU for a customer living in one unit of multi-family dwellings. For example, for rate design purposes, a ten-unit condominium could be equivalent to ten ERU's.

The Company is currently billing its customers on a quarterly basis. Staff recommends the Company continue billing the customers on a quarterly basis because the current customers are already accustomed to this billing practice. Quarterly billing would help the Company maintain stable cash flow, and the customers may benefit by having payments spread evenly during the year.

Staff has conducted an analysis of the Company's financial operations and will provide additional information to the Company to assist in future rate applications. Staff acknowledges that the current recurring rates charged by the Company for water services are consistent with revenues currently collected. Staff recommends the Company continue to charge customers the current recurring rates.

NON-RECURRING CHARGES

Late Payment Charge

Late payment charges encourage a timely payment and allow the Company an opportunity to recover a portion of collection costs due to unpaid bills. The Company is asking for a minimum late payment charge of $15.00, with interest of 1.5% per month on the unpaid balance after 15 days.[34]

Staff supports adoption of a late payment charge to encourage prompt payment of bills. However, Staff cannot support the Company's proposed late charges because of the amount of the proposed late charge, which has been previously limited by the Commission in other cases to one percent (1%) of the unpaid balance at the time of the next billing statement.[35] Staff recommends that the Company be allowed to charge 1% on any past due balance owed at the time of the next billing statement.

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[34] See Application, Attachment 19.

[35] Staff observe that the quarterly billing schedule adopted by the Company (See Application, Attachment 21) complicates the calculation of the late charges.

Disconnection and Connection Fees

In its Schedule of Current Rates for Water Service and Connection fees, the Company proposes to charge a Disconnection and Connection fee of $300 if service is terminated for non-payment or at the request of the customer. This is in addition to all past due amounts and interest prior to reestablishment of water service. Customer requested (voluntary) disconnections are usually related to moves or maintenance of the customer's facilities, whereas involuntary disconnection of service results from either non-payment of bills or repairs to the Company's facilities. Staff believes normal disconnects are a normal business responsibility of the Company. Consequently, Staff recommends that the Commission not approve the Service Termination charge.

Staff agrees that a reconnection charge is appropriate following an involuntary disconnection of service for non-payment. Historically, the Commission has allowed a portion of actual costs to be recovered through a direct charge to affected customers. However, Staff believes the amount requested by the Company is unreasonable and inconsistent with charges authorized by the Commission for other regulated utilities. Staff instead recommends a $20 reconnection charge for reconnections following an involuntary disconnection of service for non-payment during normal business hours. Staff also proposes a $40 reconnection charge for reconnections following an involuntary disconnection of service for non-payment to be applied when the reconnection is requested outside of normal business hours. This $40 charge is within the range of charges previously approved by the Commission for other regulated utilities under similar circumstances. Staff defines normal business hours as 8:00 am and 5:00 pm, Monday through Friday, excluding legal holidays.

Hook-Up and Water Tap Fees

The Company proposes to charge a "hook-up" fee of $6,950 for single family units and $3,475 for additional living areas to pay for additional infrastructure previously installed and necessary for expanded water service capacity including wells, pumps, a new reservoir, upgraded reservoirs, upgraded distribution lines, and service connection (*See* Company Response 8.3). The Company also proposes to charge a "water tap" fee of $2,000-$3,500 depending upon location, to pay for service lines to 147 lots on main lines installed prior to 1994, lots along Fall Line Road, and lots along Ullr Road (*See* Company Response 8.4). Staff understands that the Company uses these funds to recover costs incurred to construct the water system and other infrastructure.

Staff opposes the Company's current practice and proposal to collect hook-up and water tap fees from new customers beyond the basic cost of connecting to Company's service lines at the lot corners. The investment made by the Company to develop the water system is not considered contributed capital, it is considered as the 'cost of the system.' Therefore, these costs will be included in the plant in service and depreciated.

For the existing water system, service lines connecting the main line to the lot corners are already in place. Staff recognizes that the Company may spend as much as two hours of the Company's time in order to locate the Company's service line, work with the customer's contractor and inspect the new water service connection. Staff believes this would cost the Company about $50 in labor. Staff recommends a hook-up fee of $50 for new customers where a service stub is already in place.

Fire Hydrants Assessment Fee

The Company proposes a Fire Hydrant Assessment Fee of $500 per installation (for application, inspection, pressure testing, bacteria testing, and mapping). The Company provided a cost justification for this fee, along with a number of clarifications regarding the impacts to the customers and to the system for providing these services (*See* Company Response Nos. 8.5, 10, and 12).

Staff supports the Company's proposal to charge customers for all of the costs, including the Company's cost to run the line from the main to the new hydrant when the customer requests fire service. However, the Company has provided evidence to Staff that suggests the current system may not be able to ensure adequate pressure concurrent with the proposed services. Therefore, Staff believes the Company should not be charging for "Fire Hydrant Service" that it cannot adequately provide. Consequently, Staff recommends that the Company develop a facilities plan that includes a program to improve pressure for fire hydrant service.

"Will Serve Letter" Fee

The Company proposes a $500 non-refundable Application Fee for a "Will Serve Letter" if the hook-up fees have not been paid. A "Will Serve Letter" are sometimes requested by prospective customers to satisfy municipal construction permit requirements. However, no other water company has previously been allowed to charge a customer for a "Will Service Letter" if the

hook-up fees have not been paid. Staff recommends that the Company's rate schedule exclude an Application Fee for "Will Serve Letter" if the hook-up fees have not been paid.

Inspection and Testing Fee

The Company proposes to charge a flat fee of $500 per inspection if the customer requires an inspection by a licensed operator for new water installations. No cost justification was provided by the Company. The General Rules and Regulations of the Company Tariff describe the circumstances when the Company has the right and the responsibility to inspect the premises and/or assist the customer. Staff recommends that the Company's rate schedule exclude any general site visit or inspection charges.

Other Non-Recurring Charges: Insufficient Funds

The Company has not requested a charge that would be applied when a customer check or bank draft is returned by the bank or an electronic payment is drawn on an account with insufficient funds. Staff recognizes such a charge is appropriate to discourage customers from making payments that are not honored by their financial institution and allows partial recovery of the costs incurred in the collections process.

This charge is allowable under Idaho State Statute (*See* Idaho Code § 28-22-105) and the Commission has allowed utility tariffs to identify this type of charge (e.g., *See* Case No. TRH-W-10-01, Order No. 32152 and SPL W-09-01, Order No. 30938). Staff recommends that a $20 insufficient funds charge be approved.

BILL STATEMENT & CUSTOMER INFORMATION

The Company included a copy of its billing statement in its Application to the Commission. The Company billing statements indicate that customers are billed at the start of each calendar quarter for the preceding quarter, (i.e., the July 2014 statement includes service for April, May and June 2014). Because the system is not metered and the rates are the same throughout the year, Staff believes that the Company practice of quarterly billing is acceptable and Staff recommends that quarterly billing continue.

The statement does not meet the requirements of Rule 201 of Utility Customer Relations Rules (UCRR), IDAPA 31.21.01. Staff is willing to work with the Company to revise the document to ensure it meets the requirements of the UCRR. In addition, Staff is willing to assist

the Company with the development of its disconnection policy and the applicable notices as well as other required documents as described in the UCRR.

Staff is also willing to assist the Company with its Annual Rules Summary and its Explanation of Rates as required by Rules 700 of the IPUC Rules of Procedure, IDAPA 31.01.01. Staff recommends that the Company work directly with Staff to revise its bill statements and customer information and notices to comply with Commission Rules and Regulations.

COMPANY TARIFF

The Company included a copy of its proposed Tariff, including its proposed Rate Schedules and the General Rules and Regulations. Staff has reviewed the documents and has serious concerns about the rules and regulations contained in the Company Tariff that are in disagreement with the Commission's Utility Customer Relations Rules (IDAPA 31.21.01) and the Model Tariff for Small Water Utilities, including both the General Rules and Regulations and the Main Extension Rules. In addition, the Company's proposed Tariff includes references to several non-recurring charges that were submitted by the Company for approval and have not been previously approved by the Commission for other utilities.

For example:

> Section 8 – Service Connections, para. 8.7 states that the service connections valve is the responsibility of the customer, while under the Commission's General Rules and Regulations, the Company is responsible for the service connection, the curb stop and the valve assembly, and the customer is responsible for the service line on the customers' property side of the shut-off valve, outside of any meter box.
>
> Section 13.0 – Rates and Charges, para. 13.1 allows the company to amend the schedule and charges for water service. As a regulated utility the Company cannot amend charges for water without the approval of the Commission.
>
> Section 14.0 Payment for Service, Para. 14.2 allows the Company to disconnect water service for non-payment of a sewer bill and other such charges, which is not allowed under the Utility Customer Relations Rules (UCRR).

Staff recommends that the Company use the Commission-approved General Rules and Regulations, including the Main Extension rule. Staff recommends that the Company work directly with Staff to develop a Tariff that complies with Commission Rules and Regulations.

CUSTOMER NOTIFICATION

The Company included a copy of the notice to customers as part of it Application. The notice was prepared in June 2014 and sent as a billing insert in the July 2014 billing statement sent to customers. Since many of its customers are homeowners associations, it is difficult to verify that all members of the association received notification of the Application.

The Company did not issue a Press Release because the majority of customers (end-users) live outside of the area. The Commission issued a press release on July 17, 2015.

Customer comments received to date included comments from both customers and homeowners associations. Most comments were supportive of the Company application.

RECOMMENDATIONS

1. Staff recommends the issuance of a Certificate of Public Necessity and Convenience for Schweitzer to provide water service in the geographical area: Township 58 North, Range 2 West, Boise Meridian, Section 20, Southeast 1/4 in Bonner County.
2. Staff recommends that the Company research and consider options for obtaining a facilities plan by a qualified, licensed engineer.
3. Staff recommends the Company continue to charge its customers the current recurring rates.
4. Staff recommends the Company consider using ERUs to establish flat rates in the future, where each housing unit is considered to be one (1) Equivalent Residential Unit (ERU).
5. Staff recommends that the Company continue billing customers on a quarterly basis, with an annual payment option.
6. Staff recommends approval of a late payment fee of 1% of the past due balance at the time of the next billing statement.
7. Staff recommends disapproval of the Company's proposed Disconnection and Connection Fee.
8. Staff recommends a reconnection fee of $20.00 for a reconnection during normal business hours and a $40.00 reconnection fee for a reconnection requested after normal business hours.
9. Staff recommends disapproval of the Company's proposed hook-up and water tap fees.
10. Staff recommends approval of a hook-up fee of $50 for new customers where a service stub is already in place.
11. Staff recommends disapproval of a Fire Hydrant Assessment Fee of $500 per installation.

12. Staff recommends disapproval of a Test and Inspection Fee.
13. Staff recommends a $20 insufficient funds charge.
14. To comply with Commission Rules and Regulations, Staff recommends that the Company be directed to work with Staff to revise its billing statement and Tariff so that its consistent with the Commission's Rules and Regulations, and to create required documents, e.g., disconnection notices and an annual customer notice.

Respectfully submitted this 20th day of August 2015.

Neil Price
Deputy Attorney General

Technical Staff: John Nobbs
Johanna Bell
Chris Hecht

i:umisc:comments/schw15.1npjnjbcwh comments

The water rights for the various sources are on record with the Idaho Department of Water Resources. (*See* Application, Attachment 11)

Water Right	Priority Date	Source	Diversion Rate (cfs)	Volume (AFA)	Proof Date
96-8541	10/20/1998	Springs - Schweitzer Creek	0.2	144.8	3/4/1996
96-8567	8/9/1989	Ground Water	0.18	130.3	10/2/1989
96-7032	4/24/1969	Springs - Schweitzer Creek	0.27	95.4	9/1/1973
96-9219	6/8/2004	Ground Water	1.0		2/12/2015

CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 20th DAY OF AUGUST 2015, SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF,** IN CASE NO. SCH-W-15-01, BY MAILING A COPY THEREOF, POSTAGE PREPAID, TO THE FOLLOWING:

MEL BAILEY
OWNER
SCHWEITZER BASIN WATER
PO BOX 772
SAGLE ID 83860

SECRETARY